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091716Z Dec 05

UNCLAS SECTION 01 OF 02 ASUNCION 001498

SIPDIS

STATE FOR EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD BARBARA MOORE
NAIROBI FOR MICHAEL FITZPATRICK

E.O. 12958: N/A

TAGS: [PGOV](#) [PHUM](#) [PREL](#) [ECON](#) [PA](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, DEC. 4 - 10

REF: ASUNCION 1457

1. (U) SUMMARY:

-- President Signs Tourism Law
-- Duarte to Run for Party President; Impeachment Proposal Submitted
-- Oviedistas Hold Coordinated Protests

President Signs Tourism Law

12. (U) On 12/5, President Duarte signed a new Tourism Law setting a commission of six percent above the cost of airline tickets for local travel agencies. The regulation of the law will fall to the Secretariat of Tourism. The local travel agents' association welcomed the decision, calling it a victory for the local industry. American Airlines, which stated during heated debate on the law that it would leave the Paraguayan market if the measure was enacted, has not yet reacted to the signing of the new law. The local American Airlines representative told EconOff that she would be meeting with her superiors in the US during the week of 12/12, and that she expected them to follow through with their plans to pull out of the Paraguayan market.

Duarte to Run for Party President; Impeachment Proposal Submitted

13. (U) On 12/5, President Duarte registered as a candidate for presidency of the Colorado Party in elections scheduled for February 19. On 12/6, following up on its threat to impeach President Duarte were he to bid for the Colorado Party presidency, the Beloved Fatherland Party (PPQ), submitted a proposal to the Chamber of Deputies calling for the impeachment of President Daurte on grounds it constitutes a violation of several constitutional provisions most prominent of which is Article 237 which prohibits the President from assuming another position -- public or private. A special session of Congress will be held on 12/13 to debate the issue. The PPQ also has the support of the Authentic Radical Liberal Party (PLRA) and the National Union of Ethical Citizens Party (UNACE), but its proposal will fail due to the lack of votes (a motion of impeachment requires 2/3 support in both houses of Congress). Duarte has dismissed the impeachment motion as irresponsible noting he intends to name an ally to serve as acting Party President should he be elected.

14. On 12/7, Senate President Carlos Filizolla (PPS) told CDA that he did not believe Duarte's bid was illegal, describing the opposition's proposal as political grandstanding more than anything as even they knew they did not have the votes to carry their motion. Filizzola stated that the country under Duarte was more stable than ever. He argued against impeachment on grounds it should only be considered when the President was clearly implicated in illegal or corrupt activities.

Oviedistas Hold Coordinated Protests

15. On 12/7, supporters of Lino Oviedo, held simultaneous protests in Villa Florida and Encarnacion. In Villa Florida, located in the Misiones department, approximately 120 miles south of Asuncion, Diputado Edgar Venialgo led more than 200 people and blocked a major roadway more than 2 hours. Venialgo said Oviedo should be freed and have the opportunity to run for the 2008 elections. In Encarnacion, located in the Itapua department, approximately 230 miles southeast of Asuncion, Yuri Remesowsky, an Alderman in Itapua, led a

protest. Other local authorities attending the Encarnacion protest included Julian Acosta, UNACE district president, and Julio Hauron, an Itapua Assessor. These protests are an extension of demonstrations that have been held by Oviedo supporters in Asuncion over November calling for Oviedo's release from jail. Oviedo supporters have vowed to continue holding protests until Oviedo is freed.

JOHNSON